

Mark Cox
Distribution Policy
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE



4 August 2006

Dear Mark

Standard Licence Condition 4B – Connection Charging Methodologies

In accordance with Paragraph 2 of Standard Condition 4B of the Electricity Distribution Licence, we have reviewed the connection charging methodologies for EDF Energy's three licensed distribution businesses, namely:

EDF Energy Networks (EPN) plc
EDF Energy Networks (LPN) plc
EDF Energy Networks (SPN) plc

Revised versions of the methodologies are attached for each licensee and are hereby submitted for Authority approval. The methodologies are marked up (track-changed) with the proposed changes. As we have a number of reasons for making the changes, for ease of reference we have assigned a 'reason code' to each of the changes. The attachment to this letter set these out together with an explanation as to how the relevant objective(s) would be better achieved.

While not requiring approval, we have also supplied copies of the full connection charge statements each of which will be published as soon as is practicable once the relevant charging methodology has been approved.

Please note that we may make further changes in autumn 2006 following completion of our review of our Assessment and Design charges (as was discussed with you at a meeting with Steve Wood on 13 July 2006).

If any aspect requires further explanation or clarification, please do not hesitate to contact me.

Yours sincerely

Paul Delamare
Head of Regulation and Strategy

EDF Energy Networks
Appendix 1

EDF Energy Networks (EPN) plc/EDF Energy Networks (LPN) plc/
EDF Energy Networks (SPN) plc

Key Revisions to Methodology of Charges for Connection to the Electricity Distribution System (for approval by the Authority)

<u>Reason Code</u>	<u>Description of Modification</u>	<u>Justification</u>	<u>Why the Change Better Meets the Objectives</u>
1	Semantics – grammatical changes/corrections, including change from EDF Energy to ‘the Company’ throughout document.	<ul style="list-style-type: none"> • Correction of typographical errors. • Improving clarity of branding/compliance. 	<ul style="list-style-type: none"> • All of the objectives in terms of improving the quality of the documents.
2	Competition in Connections A1 proposal.	<ul style="list-style-type: none"> • Ofgem consultation decision. 	<ul style="list-style-type: none"> • LC4B – Clause 3b.
3	Brand changes.	<ul style="list-style-type: none"> • Rebranding occurring through EDF Energy Group, requiring changes to Networks publications. 	<ul style="list-style-type: none"> • LC4B – Clause 3d.
4	Same text but order changed in document.	<ul style="list-style-type: none"> • To aid readability of document with revised order. 	<ul style="list-style-type: none"> • All of the objectives in terms of improving the quality of the documents.

<u>Reason Code</u>	<u>Description of Modification</u>	<u>Justification</u>	<u>Why the Change Better Meets the Objectives</u>
5	Re-indexing/re-named contents.	<ul style="list-style-type: none"> To reflect subsidiary changes with the document itself. 	<ul style="list-style-type: none"> Consequent to other changes.
6	Consistency with recently approved Use of System methodologies.	<ul style="list-style-type: none"> Relevant explanatory text deemed to be of benefit to incorporate within the LC4B connection charging methodology and statement. 	<ul style="list-style-type: none"> LC4B – Clause 3d.
7	Updating contact details.	<ul style="list-style-type: none"> Necessity of ensuring up-to-date contact information. 	<ul style="list-style-type: none"> LC4B – Clause 3d.
8	Improvement of wording for clarity <i>without</i> changing the substance of the text.	<ul style="list-style-type: none"> Necessity of ensuring that publication is progressively more readable on each submission. 	<ul style="list-style-type: none"> All of the objectives in terms of improving the quality of the documents.
9	Change arising from licence modification.	<ul style="list-style-type: none"> For example, P2/5 superseded by P2/6 by incorporation within SLC5. 	<ul style="list-style-type: none"> LC4B – Clause 3a.
10	Update to reflect DG Incentive Mechanism.	<ul style="list-style-type: none"> DG Incentive Mechanism provides for differing treatment of any connection charges above £200/kW of connected DG capacity. The text proposed reflects that regulatory position. 	<ul style="list-style-type: none"> LC4B – Clause 3b.

<u>Reason Code</u>	<u>Description of Modification</u>	<u>Justification</u>	<u>Why the Change Better Meets the Objectives</u>
11	Change in wording to better define arrangements to avoid the potential for subsidisation or discrimination against other connectees.	<ul style="list-style-type: none"> • Changes made to align the contracting of capacity through a connection agreement with that capacity requested by an applicant, such that investment at the expense of existing customer does not occur. • Statement in Section 2.9 to confirm consistent basis of connection charging applies to connections to other distributors as for other types of customer. 	<ul style="list-style-type: none"> • LC4B – Clause 3a/Clause 3b
12	Amendment of text to clarify that a customer who can enter into a connection agreement has a mechanism to secure capacity and therefore has no need to have use of an alternative mechanism to reserve capacity.	<ul style="list-style-type: none"> • Ensuring that requests for connection capacity result in capacity being contracted through a connection agreement where this is possible. 	<ul style="list-style-type: none"> • LC4B – Clause 3a/Clause 3b.
13	Changes to incorporate text on Rent a Jointer and Approved Contractor.	<ul style="list-style-type: none"> • Ofgem consultation decisions and Competition in Connection activities. 	<ul style="list-style-type: none"> • LC4B – Clause 3a.

<u>Reason Code</u>	<u>Description of Modification</u>	<u>Justification</u>	<u>Why the Change Better Meets the Objectives</u>
14	Clarification on the need for a customer to have an auditable inventory of unmetered supplies.	<ul style="list-style-type: none"> To clarify the requirement 	<ul style="list-style-type: none"> LC4B – Clause 3a
15	Removal of Statement specific data from Methodology	<ul style="list-style-type: none"> Some specific data/values should reside in the Statement rather than the Methodology, essentially a correction. 	<ul style="list-style-type: none"> All of the objectives in terms of improving the quality of the documents.
16	Non-exhaustive expansion of factors that may affect the location/job specific charge for a given connection.	<ul style="list-style-type: none"> Making it easier for prospective customers to understand more fully what factors might affect the connection charge for a given connection when estimating or considering charges made. 	<ul style="list-style-type: none"> LC4B – Clause 3a.
17	Additional text to include temporary builders' supplies within a specific range of connection type/size for which the same charges are intended to be applied.	<ul style="list-style-type: none"> Essentially a clarifying correction to ensure it is clear what category of charges would apply to small temporary builders' suppliers <70kVA. 	<ul style="list-style-type: none"> LC4B – Clause 3a

<u>Reason Code</u>	<u>Description of Modification</u>	<u>Justification</u>	<u>Why the Change Better Meets the Objectives</u>
18	Re-organisation or change of external references requiring an updating of the methodology or statement.	<ul style="list-style-type: none"> Some external references beyond the Company's control have changed. For example, www.hms0.gov.uk has changed to www.opsi.gov.uk. 	<ul style="list-style-type: none"> All of the objectives in terms of improving the quality of the documents.